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ENRG, GM, IN
SUBJECT: ANGELA MERKEL TO FOCUS ON CLIMATE CHANGE,
BUSINESS, AND SCIENCE IN INDIA

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¶1. (U) SUMMARY: German Chancellor Angela Merkel will be accompanied by a large private business delegation when she visits New Delhi October 29, and her visit will focus on Indo-German bilateral ties rather than EU and multilateral issues such as the NSG. German and Indian officials are expected to discuss climate change and to sign several agreements on science and technology cooperation during her four-day stay in New Delhi and Mumbai. END SUMMARY.

¶2. (SBU) German PolCouns Karin Stoll confirmed to Poloff October 24 that German Chancellor Merkel will be accompanied by a 30-member private business delegation when she visits New Delhi October 29. The German business delegation will include top officials from companies like EADS, Lufthansa, Volkswagen and SAP. During her two day sojourn in New Delhi Merkel will attempt to focus on Indo-German bilateral ties rather than EU and multilateral issues such as the Nuclear Supplier's Group. "Our side won't be the one to bring up the nuclear deal," commented Stoll. German Ambassador Bernd Mutzelburg told PolCouns that Merkel will use her audience with Prime Minister Singh to discuss climate change.

-- Germany Increasingly Wants to do Business with India --

¶3. (U) Germany and India have markedly improved their economic ties in the recent past. Indo-German trade jumped 22 percent to Euro 6.22 billion in 2004, the same year that Chancellor Gerhard Schroeder and Prime Minister Singh announced a concerted effort to increase two-way trade to Euro 10 billion by 2010. Both sides surpassed this goal when they increased bilateral trade by 39 percent in 2006. Germany is now India's largest trading partner in Europe with total trade of Euro 10.55 billion in 2006 and Euro 5.37 billion in the first six months of 2007, according to the MEA's Berlin website. By way of comparison, Indo-U.S. trade for 2006 was over USD 31 billion.

¶4. (U) According to Indian media, Volkswagen has plans to

open an automobile plant in Maharashtra, and the German IT firm SAP plans to increase its existing investment in India by USD one billion and to use India as an outsourcing hub for one quarter of its global R&D. Munich Re, a large German insurance company, will reportedly take advantage of Merkel's visit to explore a foray into non-life, non-health insurance sectors in India. The GOI limits Foreign Direct Investment (FDI) in the insurance sector to 26 percent. Foreign insurance companies, including New York Life, have entered into the Indian market as junior joint venture partners. Christoph Heugsen, Merkel's Foreign Policy and Security Advisor, commented to media October 24 that "The visit to India is among the most important for Merkel," and "she will be spending more time there than she has in any other country."

-- Germany Keen to Share Science and Tech Experience --

¶5. (SBU) German Science and Technology Counselor Heinz Wirth confirmed that Merkel will be accompanied by high level science representatives, including at least one minister. Stoll and Wirth affirmed that Merkel's German delegation will emphasize increased science and technology cooperation between the two countries, introducing an MOU to open an Indo-German Science Center in India to identify potential areas of joint research. Indian media reported that 10 scientific agreements will be signed between the two countries during Merkel's visit, including one between the Helmholtz Association and the National Institute of Oceanography in Goa for a research project on ecosystems. Wirth confirmed that several MOUs between research institutes are expected to be signed and will be primarily focused on health, marine science, and energy issues. A proposal outlining scientific research and student exchanges is also expected. Climate change may be actively discussed, but an agreement specific to the topic is unlikely. Merkel and

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Prime Minister Singh will jointly flag off "the Science Express," a train containing various scientific educational exhibits in 13 cars. The train will travel through 54 Indian cities to raise scientific awareness and was designed with help from German scientific institutes such as the Max Planck Society and the Helmholtz Association of German research centers.

¶6. (SBU) Stoll confirmed that Merkel will arrive in New Delhi Monday October 29 and fly to Mumbai on October 31, where she will remain for one day before returning to Germany.

MULFORD